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New Critical Dollar Shortage Faced by Great Britain

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The recent visit of Prime Minister Churchill to the United States provoked much speculation that his trip was in some way concerned with negotiating further dollar assistance for his country. Although he stated in his speech to the Congress of the United States that he would ask for steel instead of money, his remarks revealed that Britain again has too few dollars to pay for the commodities needed from the United States. There is, in fact, another dollar shortage, resembling in many ways the crisis faced by Britain in 1946 and 1947. In order to understand the nature of the present dollar crisis and its seriousness, it will be helpful to review the financial position of Great Britain since the war and to ascertain how the crisis has come into being.

The core of the dollar problem for Britain in this postwar period centers around the loss of ability to earn dollars with which to pay for the things Britain wishes to buy with dollars. At the same time, the need for things produced in the United States is greater than ever.

There are a number of factors that have been important in bringing about the loss of earning power to Great Britain. Not the least of these is the sale during and after the war of foreign investments owned by the British. In 1938 the United Kingdom owned overseas investments valued at about $15 billion. These brought an income, through interest and dividends, of about $700 million annually. This meant that Britain could import commodities worth $700 million annually for which it was not necessary to make exports in payment. In 1938 this income was sufficient to pay for approximately 21 per cent of her imports. About one-half of these investments were transferred to other countries during and after the war, as a means of paying for the essential war goods during the conflict and to provide capital and consumption imports in the early postwar years. An analogous situation would be that of an individual whose means of support was interest and dividends on investments made earlier in life. If a large doctor and hospital bill should force him to sell some of these assets to increase his supply of available cash for his emergency, his income after the illness would be lower.

In addition to foreign investments, other important earning assets were eliminated or seriously impaired by the conflict. Productive capacity was destroyed as a direct result

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PORTLAND FOOD PRICES

Beginning with this issue, the average prices of those foods included in the Bureau of Labor Statistics' Portland Retail Food Index will be published in the OREGON BUSINESS REVIEW. *The Bureau of Labor Statistics will price the retail food stores, and the Bureau of Business Research of the University of Oregon will tabulate the prices and compute preliminary averages. This division of labor will permit the release of the information about a month earlier than formerly. The final prices and the Portland Retail Food Price Index will be released, as in the past, by the western regional office of the Bureau of Labor Statistics.*

Plywood, Hardboard Industries Enjoy Amazing Growth

By O. HARRY SCHRADER, JR.
Managing Director, Douglas Fir Plywood Association

One of the most significant postwar developments on the Pacific Northwest industrial scene is the amazing growth of plywood and hardboard. Five years ago there were only forty plywood plants making Douglas-fir plywood and there wasn't a hardboard plant west of the Mississippi. Today, the number of plywood plants has more than doubled in the third great growth surge in the history of western plywood production, and the manufacture of hardboard in the Northwest has developed into a full-fledged industry in its own right.

Available supplies of raw materials, basic economic trends, and present and potential markets indicate that plywood manufacture has reached the point where the capacity of the industry should be able to meet foreseeable demand. Hardboard production will probably continue to grow in the immediate future, although not at the same pace at which it has mushroomed in the last three years. Approximately the same general factors which determine the progress of the plywood industry will affect the development of hardboard.

To look ahead with any degree of accuracy requires consideration of the history, growth pattern, and prospects for these two products which have become so deeply entrenched in the economy of the region.

The Northwest plywood industry whose products are now basic in building and industry started in 1904 with the Portland Manufacturing Co., which had previously been making veneer for fruit and vegetable baskets. The initial market for its plywood was confined almost entirely to door panels and furniture drawer bottoms. For twenty years there was little expansion.

In the early 1920s markets broadened somewhat. Although plywood was still primarily employed for remanufacturing in millwork and furniture, there were ten plywood plants in production by 1924, with an annual production of 125 million square feet (⅜-in. basis). In 1928 four additional plants were in production and output was 270 million square feet.

By the time this first great growth surge was halted by the depression, there were eighteen operating plants, none of which were producing at capacity because of the condition of the market. In 1936 came the development of synthetic phenolic adhesives, making possible the manufacture of Douglas-fir plywood with waterproof bond. The intro-

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Plywood, Hardboard Industries Enjoy Amazing Growth

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duction of exterior-type plywood opened vast new markets in homes, buildings, boats, farm structures, and industry.

Following the development of plywood for outdoor use, the manufacturers initiated an industry-wide promotion campaign for the basic plywood products, a campaign which has continued to the present day and has played a major role in the phenomenal latter-day growth of plywood markets. By the outbreak of World War II in 1941 there were thirty-one plants in the Northwest, producing in excess of 1.5 billion square feet. Like other forest-products industries in the region, most plywood plants were located in the state of Washington, where timber was more accessible, sounder, and younger than the virgin timber of Oregon and of better quality than that in northern California.

The war, with its manpower and equipment shortages and special production requirements, brought a temporary stop to the industry's growth and no new plants were started before 1946. But in that year there began an era of unprecedented expansion which has continued through 1951. The importance of this postwar growth is indicated by the following figures:

Year	*No. of Plants*	*Annual Production (⅜" basis)*
1946	33	1.4 billion square feet
1947	40	1.6 " " "
1948	45	1.8 " " "
1949	55	1.9 " " "
1950	62	2.5 " " "
1951	71	2.8 " " "

Simultaneous with this growth in production facilities and markets was a geographic shift in production facilities, with most of the expansion taking place in Oregon and northern California. This was prompted largely by the availability of raw material and the desirability for tapping the old-growth forests of Oregon.

This shift in location of plant facilities has brought about another significant trend in the plywood industry—the development of the so-called "green ends," small operations consisting of lathes and clippers, producing veneer which is shipped to plywood plants for the manufacture of the end product—Douglas-fir plywood. A green end involves far less capital investment than a plywood mill and requires a relatively small labor force. For these reasons, it can be located in more remote locations closer to the available timber supply than could an entire plywood plant.

At the present time there are, in the region, about sixty owners operating seventy-one plywood plants producing panels, 4x8 feet and larger, from Douglas fir. In addition there are four plants making pine plywood, eight making small-size or nonstandard panels, and 35 green ends. About half a dozen plywood plants now under construction are expected to get into production in 1952. The question of sustained production at this level involves several problems relative to available raw materials and markets.

West Coast forest resources appear to be ample to support a healthy plywood industry throughout the foreseeable future. It is possible to be more specific concerning the prospects for the next ten years. Best available sources of information, including the estimates of state and Federal forest and land-management agencies together with estimates of private holdings, indicate that there are at present 246 billion board feet of harvestable, standing old-growth Douglas fir in Oregon, Washington, and northern California. Of this, 70 billion board feet is considered to be of quality suitable for plywood manufacture. The estimated annual timber cut is approximately 10 billion board feet in this area, and the West Coast plywood industry should be able to obtain about 1.5 billion board feet of peeler logs from this cut. That should be sufficient to maintain plywood production for the next ten years at an annual rate exceeding 3 billion square feet.

Although it is possible to be this specific only for the next decade, other factors which will play an increasingly important part in the long-term picture indicate that it should be possible for volume production of plywood to continue indefinitely.

Such factors are: the growing integration of forest-industries operations, continuing progress toward sustained-yield forestry, new products and new production techniques making for more efficient utilization of available raw materials, increased utilization of leftovers, use of tree species other than Douglas fir, and timber imports.

It is significant that, within a short time, there will be approximately 50 chippers installed in plywood and veneer plants to produce wood chips as raw material for pulp mills. These machines process enough leftovers from plywood manufacture to produce 1,000 tons of pulp per day from material that was formerly used only as fuel or burned as a nuisance.

New products can have a double impact; they serve to extend raw materials and to broaden the markets and uses for plywood. Typical is the development in the past year of Plyron—a combination panel with a plywood backbone and surfaces of thin hardboard, which is suitable for cabinet doors, concrete forms, display cases, and table tops. Products of this kind may well have a significant effect on raw-material utilization of the future.

Although not now significant to plywood production, one should not discount the possible importance in the more distant future of the 111 billion board feet of standing second-growth Douglas fir in Oregon and Washington, the 222 billion feet of other native species in those states, and the growing importation of hardwoods.

While availability of raw materials appears sufficient for continued mass production of plywood, at least for the foreseeable future, the effect of basic national economic trends is more difficult to estimate. Like other industries, plywood manufacturers are sharing in the nation's increased industrial activity, despite the abrupt slump in the market which came in the final quarter of 1951. During December 1951, a sudden surge of new orders brought sales substantially above current production for the first time since last March. This would indicate that plywood buyers and users are convinced the market has turned.

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The market prospects in the months immediately ahead appear to be brightening. Direct military orders which ceased in midsummer are picking up again, and the government estimates that military buying in the first half of 1952 will about equal the heavy purchases of early 1951. Defense activity generally is expected to continue at high levels. Plywood market possibilities in this area include: the Navy's new wooden minesweepers, for which contracts have just been let and which take large amounts of plywood for bulkheads and superstructures; airplane and airplane-parts crating for overseas shipments (one packaging firms etimates a saving of 5 man hours per box with plywood); plywood locker boxes and equipment cases; and military construction of all kinds which require plywood for concrete forms, structural applications, and cabinet work.

At their height in 1951, direct and indirect military orders were taking as much as 22 per cent of plywood production. It is possible that combined defense orders will reach as high or higher in the year ahead. The National Production Authority has reserved 30 per cent of softwood plywood output to meet defense demands if the need should go that high.

About 25 per cent of plywood goes into housing—and housing is, of course, experiencing a decline. However, industry leaders are predicting that 1952 will see another 1,000,000 new starts; and prefabricators, who use far more plywood per unit than is found in the average contractor-built home, expect to capture a larger share of this market than in previous years. Remodeling and maintenance, another important source of plywood sales, are expected to remain relatively stable during the year ahead.

Partially offsetting the decline in residential construction is the present high level of industrial construction, where plywood is used for concrete forms and, to some extent in wood frame buildings such as warehouses, for floors, sheathing, and roof decking. Such construction is expected, on the basis of demand for capital goods, to taper off slightly in the year ahead.

Recognizing the need for sustained promotion of plywood products at all levels, the manufacturers have boosted their joint promotion budget to well above $100,000 monthly, the largest in the history of the industry, in an effort to maintain a solid base for plywood sales under whatever conditons may lie ahead. For the first time they will market in appreciable quantities small panels tabbed "handy panels" in sizes 2x4 feet and smaller. An attractive display, designed to make it easy for the retailer to sell these panels and to make it convenient for the small user to buy, will be used in lumber display rooms throughout the country. This is a fresh, new merchandising idea which the manufacturers expect to have an important effect on plywood sales. The promotion effort will also include development of a training course for jobber salesmen, a comprehensive survey of the actual potential in the farm market, new movies, and increased advertising.

Along with the postwar surge in the plywood industry, there has been a correspondingly dramatic growth in the manufacture of hardboard in the Pacific Northwest. Although this material does not have all the structural properties of plywood, it is a smooth, tough panel product which lends itself to many uses.

Hardboard, the generic term, is a name rather loosely applied in recent years to any panel board composed of wood fragments. This wood aggregate is generally bound together by means of synthetic adhesives, although some boards have been manufactured in the past with only the natural resins in the wood serving as a binder.

While hardboards, notably Masonite, have been manufactured in other sections of the country for years, the industry in the Northwest is only five years old. There are a number of reasons for the expansion of the industry in this section of the country, including the following: (1) decreasing availability of high-quality raw material for plywood, lumber, and other building products manufactured from wood; (2) with the increasing value of all forest-products raw materials, the financial waste of allowing leftovers to accumulate; (3) expanding markets in the building field for all types of proven panel products; (4) new architectural trends; (5) expiration of basic patents covering a variety of methods for manufacturing hardboard.

Hardboard production in the region got under way about four years ago at a small plant at Corvallis, which used a newly developed manufacturing process. The process has since proved highly successful and has been licensed to an operator in British Columbia.

At present there are three hardboard plants in commercial production in Washington and Oregon and one in British Columbia. Although accurate figures are not available, it is believed that the aggregate capacity of these four plants is about 70 million square feet annually, most of it ⅛-in. thick. In addition, a plant in California is producing a decorative board from residual materials. Seven other plants, with an estimated capacity of well above 100 million square feet annually, are in initial production, under construction, or well past the planning stage.

From the number of new operators in the hardboard industry, it is apparent that the field is enjoying a tremendous growth surge. It seems essential to evaluate some of the factors which will determine the overall expansion that is likely to occur. One is the relatively high capital investment required for a hardboard plant. A modern production line might cost around $1 million or more. On the other hand, the production process is almost entirely by machine and in some cases requires a force of only about thirty men.

Another possible determining factor is the number of new processes or variations of present production techniques which have, as yet, been untried in commercial operation. Improvement in cost of production or in the properties and appearance of the product as the result of the perfection of such processes may well affect the markets and demand for hardboard.

One of the most important phases of hardboard production is utilization of residual materials resulting from logging, plywood manufacture, and other forest-products manufacturing operations. Manufacturers, through long-term self-interest, have taken the lead in the attempt to reach the goal of 100 per cent utilization of logs, and have been subjected to increasing pressure from agencies administering government-owned timber to increase overall utilization.

Concrete evidence is the growing interest of plywood manufacturers in the integration of hardboard and plywood manufacturing operations. At least six firms making plywood are planning to produce hardboard in conjunction with their established plants.

Market potentials for hardboard in competition with

other materials have not been completely evaluated, and it must be recognized that there are certain limitations in the material which do not apply, for example, to plywood—which can be worked with ordinary tools and which offers structural properties as yet unmatched by any other panel products.

Considering the initial investment required for a hardboard plant, possible new production techniques, pressures for greater utilization and market potentials, it seems reasonable to assume that expansion of the hardboard industry in the Northwest will probably continue for an indefinite period. But it is equally evident that the rate of expansion probably will not equal that which has been evident in the past three years. Overall markets and demand will be the principal factor determining the limits of the present expansion period.

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of the war, and shipping capacity, of which England had long been an important world supplier, was destroyed and replaced by American ships.

Much of the earning ability could undoubtedly be regained. Productive capacity could be restored if capital equipment could be obtained, but the imports of capital goods which before the war could have been paid for by the earnings on foreign investments would have to be financed through other means. This appears to have been the chief permanent impairment in Britain's earning ability. The big problem which the European countries in general and the United Kingdom in particular faced was that of finding means of financing the high level of imports needed to rebuild, while, at the same time, keeping consumption and living standards at a satisfactory level. The hope was that the rebuilding of the factories and other facilities would in a few years provide the necessary exports, although, until these dollars could be earned through production, other methods would have to be found to supply them.

Together, these circumstances left but two possibilities: either Britain would not be able to buy in the United States the goods needed for the reconstruction of her dollar earning capacity, or some means would have to be found to supply the dollars until such time as her earning capacity was restored to about its prewar level—in fact, to pay for the prewar level of imports, exports would have to exceed the prewar level to cover the loss of foreign investments.

Space does not permit a detailed statement of the sources and amounts of dollars furnished to Great Britain and the other European countries during the six years which followed the war. Suffice it to recall that imports were financed through UNRRA, through private and public contributions, through intergovernmental loans such as the $3.75 billion loan to Britain by the United States, and finally through Marshall Plan aid. These proved effective measures for providing the dollars necessary for purchasing raw materials, capital equipment, and food stuffs necessary during the rebuilding of the European economies. By 1949 much had been accomplished; the volume of exports was substantially greater than the prewar level. Even so, it was impossible for Britain to earn more dollars than were spent abroad. Other measures were required.

In the fall of 1949 the United Kingdom devalued the pound sterling by 30.5 per cent, reducing its value in dollar terms from $4.02 to $2.80. This meant that the goods coming from England to the dollar countries would be cheaper; an American could buy an item with a pound price tag for $2.80, whereas before it would have cost $4.02. This move was taken for a number of reasons, all directed toward earning more dollars. For one thing, Britain found its markets falling off because its goods were priced higher than competing commodities from the United States. Particularly was this true in the automobile industry. The fact that productive capacity had been largely rebuilt, and that England now had many more goods to sell than immediately following the war, led to the conclusion that devaluation of the currency was essential to eliminate the dollar shortage.

Developments following devaluation were startling and gratifying; the shortage of dollars was rather quickly eliminated. But there is little doubt that the closing of the gap after 1949 was less the result of the changed value of the currency than of other forces active in the international field during the same period. Perhaps of more importance were the changed economic conditions in the United States, chiefly as the result of the decision to rearm, which created a strong demand for the goods of other countries. In particular, there was an increased demand for many raw materials which were imported from countries in the sterling area. As the importation of these strategic materials (wool, tin, rubber, etc.) increased, their prices and dollar payments from the United States soared. As a result, Britain was able to add $1.6 billion to its dollar reserve during 1950. This does not mean, however, that Great Britain sold more commodities to the United States than she purchased here. A substantial portion of this increase resulted from the fact that the overseas countries of the sterling area had a surplus of dollars as their exports increased. They sent these dollars to London and accepted sterling credits in their place, credits which could be used only to purchase commodities from Britain.

From all appearances the dollar shortage which had plagued the British since the war was at last at an end. The first few months of 1951 seemed to emphasize the termination of the dollar crisis, as the imports of the United States remained high, higher in fact than exports. Early last year it looked as though the United States might actually import a greater quantity of goods that year than would be exported, something which has not happened in this century.

But this condition did not long prevail. Our exports, which had been expected to decline as we converted more and more to defense measures, increased, while our imports, which had been increasing rapidly since the Korean incident, began to decline early in 1951. At the same time, the prices of the raw materials Britain imports in order to produce both for defense and for export have been rising faster than the prices of the things she offers on the international markets. Viewed in barter terms, Britain must give up more commodities in order to import the same quantity of goods as before. Figures just released reveal that these forces have resulted in a dollar deficit for the sterling area of more than $1 billion during 1951. As a

result, the gold and dollar reserves are currently being depleted at a rapid rate to pay for imports. If the rate of importing is continued, dollar reserves will soon be gone, unless more dollars can be obtained, either through greater exports or through new loans.

The outlook is not bright, since the rate at which production can be increased appears to be declining. Most of the factories have been restored, so the problem can no longer be looked upon as just a matter of revitalizing old capacity. Furthermore, Britain is finding it necessary to convert more and more of her factories and workers to military production in order to rearm. Imports are essential to produce both exports and war goods, while the ability to pay for imports is declining. In addition to the disadvantage which results when prices of exports rise slower than prices of imports, Britain is faced with the choice of producing for consumption, for export, or for war. If military equipment is produced, then some other things cannot be produced, and either exports or consumption must fall. It will be difficult to reduce consumption substantially, although steps in that direction are already under way. The choice is to a great extent between increasing exports or increasing the production of war goods.

The key to the crisis appears to rest in the limited resources of steel and coal, since it is from these two critical materials that exports must come, and on these also that military production must draw heavily. Low coal production and limited facilities to produce finished steel to meet both demands suggest that dollars will be fewer in the months to come. Britain estimates that its needs in steel for 1952 will be about 1.5 million tons more than can be domestically produced.

The strained internal economy, where shortages have become the rule, is to be placed under additional strains to save dollars. New regulations are being devised to reduce imports to a minimum, and those products which are important earners of dollars are being allocated more and more toward foreign trade. For example, the British automobile industry produced 730,000 units during 1951, but only 80,000 of these were assigned to home markets. This meant a reduction of one-third in the number of automobiles available to the British as compared with 1950. Measures designed to save dollars also include added restriction on the importation of unrationed food items and unessential manufactured goods from the dollar area, reductions in the rate of stockpiling of critical materials, and reductions in dollars permitted Britishers visiting the United States. In addition, the government has announced that, as long as the crisis lasts, there will be no general increase in the consumption of rationed food over 1951. Together these new restrictions may save $1 billion; but that amount will probably fall short of what is required to keep imports at a satisfactory level. The dollars needed for imports depend, among other things, on the requirements for rearming as measured by world events, on the prices of imports, and on the degree to which the United States furnishes military assistance through international agreements.

As of now, there appears no easy solution to the dollar crisis. Unless some way is found to finance the necessary imports, adjustments must be made by reducing living standards or by reducing the pace at which rearmament is to proceed. The economy is not productive enough to provide satisfactorly for both.

PORTLAND FOOD PRICES

Portland housewives paid higher prices for twenty-two of the fifty-three foods priced in mid-March 1952, according to preliminary averages of food prices. Exactly the same number of items were lower than in mid-February, with nine remaining unchanged.

To permit rapid release, retail food prices collected by the U. S. Bureau of Labor Statistics' agents are calculated as preliminary averages by the University of Oregon Bureau of Business Research. Final prices will be found, as usual, in the Bureau of Labor Statistics' monthly release on the Portland Food Price Index.

Commodity and Unit	*Average Mar. 15, 1952*	*Change from Last Month*	*Mar. Range of Prices High*	*Mar. Range of Prices Low*
CEREALS & BAKERY PRODUCTS:				
Cereals:				
Flour, wheat (5 lbs.)	52.3	— .3	58.0	50.0
Corn flakes (13 oz.)	23.1	.1	27.6	21.7
Corn meal (lb.)	12.2	.2	15.2	11.2
Rice (lb.)	19.4	....	24.0	17.5
Rolled oats (20 oz.)	19.4	— .1	21.0	19.0
Bakery products:				
Bread, white (loaf)	15.6	....	17.0	14.7
Vanilla cookies (7 oz.)	24.8	....	27.0	22.4
Layer cake (lb.)	43.5	.3	50.9	31.2
MEATS, POULTRY & FISH:				
Meats:				
Beef:				
Round steak (lb.)	*	....	....	....
Rib roast (lb.)	*	....	....	....
Chuck roast (lb.)	75.8	....	79.0	72.0
Frankfurters (lb.)	65.2	— .1	75.0	59.0
Hamburger (lb.)	63.4	— .6	84.0	59.0
Veal:				
Cutlets (lb.)	126.0	7.7	149.0	115.0
Pork:				
Chops (lb.)	71.8	.6	80.0	68.0
Bacon, sliced (lb.)	61.5	.1	79.0	55.0
Ham, whole (lb.)	62.4	1.2	70.0	57.0
Salt pork (lb.)	36.1	.1	55.0	27.0
Lamb:				
Leg (lb.)	90.0	—3.3	95.0	69.0
Poultry:				
Fryers, N.Y. dr. (lb.)	55.5	2.8	59.0	48.4
Fish:				
Salmon, pink (16 oz.)	57.9	.2	67.0	54.0
DAIRY PRODUCTS:				
Butter (lb.)	88.2	1.6	93.0	85.0
Cheese, Amer. proc. (lb.)	58.3	....	62.0	44.5
Milk:				
Fresh, delivered (qt.)	22.0	....	22.0	22.0
Fresh, grocery (qt.)	22.0	....	22.0	22.0
Evaporated (14½ oz. can)	14.6	.2	16.0	13.0
Ice cream (pt.)	27.2	— .1	33.0	25.0
Eggs, Fresh (doz.)	53.8	—3.8	59.0	49.0
FRUITS AND VEGETABLES:				
Fresh:				
Apples (lb.)	13.5	.3	20.0	10.0
Bananas (lb.)	19.4	.4	23.0	18.0
Oranges (size 200, doz.)	59.5	2.4	74.8	42.9
Beans, green (lb.)	*	....	....	....
Cabbage (lb.)	9.1	—1.5	12.0	7.0
Carrots (bunch)	11.2	— .7	17.0	9.5
Lettuce (head)	15.1	3.2	21.0	8.0
Onions, yellow (lb.)	12.4	1.3	14.5	8.3
Potatoes, white (15 lb.)	107.1	8.0	120.0	90.0
Sweet potatoes (lb.)	*	....	....	....
Tomatoes (lb.)	34.2	5.8	46.7	25.0
Frozen:				
Peas (12 oz.)	24.7	— .8	28.0	19.0
Strawberries, sl. (12 oz.)	40.9	—2.1	49.0	34.0
Orange juice, conc. (6 oz.)	19.4	— .8	26.0	15.0
Canned:				
Peaches (no. 2½ can)	31.4	.2	45.0	28.0
Pineapple (no. 2½ can)	35.4	.1	39.0	31.0
Corn, cream style (no. 303 can)	18.2	.2	20.0	16.0
Tomatoes (no. 2½ can)	22.8	— .6	26.0	19.0
Peas (no. 303 can)	18.4	— .2	22.0	16.0
Baby foods (4½-4 ¾ oz.)	9.0	— .1	10.0	8.8
Dried:				
Prunes (lb.)	23.7	—2.1	27.0	21.0
Navy beans (lb.)	16.6	— .1	21.0	15.0
BEVERAGES:				
Coffee (lb.)	86.3	....	95.0	79.0
Cola drink (6-btles.)	25.0	....	25.0	25.0
FATS AND OILS:				
Lard (lb.)	22.8	— .6	30.0	17.5
Shortening, hydrog. (lb.)	34.5	— .9	39.0	32.0
Salad dressing (pt.)	36.9	— .7	42.0	32.0
Margarine, colored (lb.)	30.0	— .5	37.0	29.0
SUGAR AND SWEETS:				
Sugar (5 lb.)	54.9	— .4	59.0	50.0
Grape jelly (12 oz. jar)	26.1	....	41.0	23.0

* Insufficient number of quotations to obtain a reliable average price.

CURRENT BUSINESS TRENDS IN OREGON

Retail Trade. Retail trade remains sluggish in comparison with last year not only in Oregon, but throughout the United States generally. This is a little surprising, in view of the upward trend of the volume of total business transactions as measured by bank debits. The most recent Pacific Coast department-store sales, given below, show a particularly unfavorable comparison for the week ending March 15, because of the fact that Easter was on March 25 last year and will be on April 13 this year.

	Week Ending Mar. 15, 1952	*4 Weeks Ending Mar. 15, 1952*	*1952 through Mar. 15*
Portland	—17	— 7	—14
Los Angeles	—19	—12	—14
San Diego	— 2	— 7	—11
Oakland	—23	—15	—14
San Francisco	—17	0	0
Seattle	—17	— 9	—12
Spokane	— 8	— 6	—10
United States	—11	—14	—12

The seasonally adjusted Portland department-store index prepared by the Federal Reserve Bank of San Francisco shows January 1952 sales at 108, December 1951 sales at 101, and January 1951 sales at 137 (1947-49 equals 100). The story for sales of apparel stores in January is about the same: January men's clothing sales were off 38 per cent and women's clothing sales were off 9 per cent as compared to a year earlier.

The Bureau of the Census prepares a monthly study to show the percentage change in sales of large retail stores in various locations in the United States. The only Oregon city included is La Grande. The January retail sales reported for that community were 7 per cent less than in January 1951 and 29 per cent less than in December 1951.

Employment. The seasonal recovery in employment during February 1952 was almost parallel to that of last year, except that the total ran about 5,000 below 1951. Most nonmanufacturing lines have been employing about as many men as they did a year ago, and defense manufacturing (metals, machinery, ship repair) and public agencies have increased their employment, but not sufficient[ly] offset declines in lumber, construction, and transportation.

Lumber. The West Coast Lumbermen's Association reports that about 6 per cent less Douglas-fir lumber was cut in the first two months of this year than during the same period in 1951. This is said to be caused, at least in part, by a log shortage created by the forty-day closure of logging camps during fire weather last summer. The most recent statistics for the Douglas-fir industry of the Pacific Northwest are as follows (thousands of feet, board measure):

	Feb. 1952	*Jan. 1952*	*Feb. 1951*
Average weekly production	200,170	174,752	207,066
Average weekly orders	193,923	191,993	184,809
Average weekly shipments	200,928	164,555	200,554
Unfilled orders, end of month	1,000,718	1,030,140	961,973
Gross stocks, end of month	1,003,439	1,006,625	785,525

Consumers' Prices. The Portland consumers' price index is computed quarterly; the most recent release covers January 15, 1952. On that date the national reading was 189.1 (the February 15 national reading was 187.9). The details of the Portland index follow:

Group	*Adjusted Index Jan. 15, 1952 (1935-39=100)*	*Per Cent Change to Jan. 15, 1952 from Oct. 15, 1951*	*Per Cent Change to Jan. 15, 1952 from Jan. 15, 1951*	*Per Cent Change to Jan. 15, 1952 from Apr. 15, 1950*
All items	199.0	+1.6	+4.5	+13.2
Food	254.8	+3.2	+4.7	+19.7
Apparel	203.1	—0.2	+3.4	+ 9.7
Rent	157.0	+2.5	+8.4	+13.6
Fuel, elec. & refr.	136.0	+1.1	+0.7	+ 3.4
Gas & elec.	93.9	0	0	+ 1.7
Other fuels	187.6	+2.3	+1.3	+ 5.4
Ice	133.6	0	0	0
House furnishings	204.4	—0.9	+0.6	+12.9
Miscellaneous	174.5	+0.9	+4.6	+ 9.5

BANK DEBITS

Bank debits represent the dollar value of the checks drawn against individual deposits. Payment for approximately 90 per cent of all goods, property, and services is by check. Bank debits are regarded as indicators of the general trend of business, though their value for this purpose may be impaired by substantial changes in the level of prices. The Bureau of Business Research collects bank debits from 122 banks and branches monthly. On occasion, the totals for the same month in different issues of *Oregon Business Review* are not directly comparable because of necessary adjustments in basic data.

Marketing Districts	*Number of Banks Reporting*	*Debits Jan. 1952*	*Debits Dec. 1951*	*Debits Jan. 1951*	*Jan. 1952 Compared with Dec. 1951*	*Jan. 1952 Compared with Jan. 1951*
Oregon	113	$1,228,819,587	$1,284,636,078	$1,178,840,148	— 4.3	+ 4.2
Portland (Portland, Hillsboro, Oregon City, etc.)	32	762,226,966	820,983,448	723,542,480	— 7.2	+ 5.3
Lower Willamette Valley (Salem, McMinnville, etc.)	15	90,826,794	86,917,475	88,403,192	+ 4.5	+ 2.7
Upper Willamette Valley (Albany, Corvallis, Eugene, etc.)	16	120,427,851	122,503,804	119,801,074	— 1.7	+ 0.5
North Oregon Coast (Astoria, Tillamook, etc.)	4	22,327,706	22,598,629	20,114,487	— 1.2	+11.0
Douglas, Coos Bay	7	38,840,162	40,670,486	36,628,666	— 4.5	+ 6.0
Southern Oregon (Ashland, Medford, Grants Pass)	6	48,129,394	49,735,124	47,690,514	— 3.2	+ 0.9
Upper Columbia River (The Dalles, Hood River, etc.)	7	22,618,311	22,822,155	22,330,780	— 0.9	+ 1.3
Pendleton area	6	28,738,599	27,201,688	29,129,367	+ 5.6	— 1.3
Central Oregon (Bend, Prineville, Redmond)	5	31,859,109	22,465,117	27,137,991	+41.8	+17.4
Klamath Falls, Lakeview area	5	28,469,759	31,031,676	30,666,350	— 8.3	— 7.2
Baker, La Grande area	5	14,059,180	16,008,768	14,351,150	—12.2	— 2.0
Burns, Ontario, Nyssa	5	20,294,756	21,697,708	19,014,097	— 6.5	+ 6.7

BUILDING PERMITS

Building permits give an indication of building operations planned rather than actual construction under way. Care must be taken, in interpreting these data, to allow for the lag which may elapse between the issuance of the permit and the beginning of actual construction. The data have been collected by the Bureau of Business Research.

	Residential Jan. 1952	*New Non-residential Jan. 1952*	*Additions, Alterations & Repairs Jan. 1952*	*Totals Jan. 1952*	*Totals Dec. 1951*	*Totals Jan. 1951*
Albany	$ 41,000	$ 5,000	$ 9,700	$ 55,700	$ 16,500	$ 67,500
Astoria	22,578	2,700	6,600	31,878	27,494	87,299
Baker	8,000	2,000	3,475	13,475	4,800	23,100
Bend	23,000	.....	5,775	28,775	12,200	43,040
Coos Bay	96,576	2,936	3,675	103,187	32,825	88,116
Corvallis	25,850	1,000	19,450	46,300	59,405	28,425
Eugene	100,200	13,225	23,344	136,769	182,482	2,204,225
Grants Pass	83,910	7,200	10,070	101,180	63,835	68,095
Klamath Falls	.....	20,000	4,500	24,500	16,215	81,560
La Grande	.....	25	1,435	1,460	1,150	24,145
Medford	57,500	20,789	23,624	101,913	61,335	166,936
North Bend	22,000	5,000	7,725	34,725	34,165	73,050
Oregon City	.....	350	2,761	3,111	500	56,150
Pendleton	.....	700	6,050	6,750	70,875	182,258
Portland	858,400	910,525	443,500	2,212,425	3,661,615	2,662,695
Roseburg	44,000	2,660	19,102	65,762	19,650	159
Springfield	68,520	10,628	32,240	111,388	113,250	71
The Dalles	6,500	.....	27,575	34,075	84,300	246,520
17 other communities	113,050	36,600	28,125	177,775	191,070	417,170
Total	$1,571,084	$1,041,338	$ 678,726	$3,291,148	$4,653,666	$6,750,604